

CITY OF RIVERSIDE

BOARD OF PUBLIC UTILITIES

Minutes of: Regular Meeting of the Board of Public Utilities

Date of Meeting: July 15, 2005

Time of Meeting: 8:15 a.m. (began at 8:17 a.m.)

Place of Meeting: Art Pick Council Chamber, City Hall
3900 Main Street (at Tenth & Main Streets)
Riverside, California

PLEDGE OF ALLEGIANCE TO THE FLAG

Roll Call

Present: Peter Hubbard (Chairman)	Jim Anderson (Vice Chair)
Conrad Newberry, Jr., P.E.	Bob Stockton
David Barnhart	Ken Sutter
Lalit Acharya	Greg Kraft

Absent: Joe Tavaglione (absence due to business)

INTRODUCTION OF NEW PUBLIC UTILITIES' BOARD MEMBER – GREG KRAFT

CITIZENS PARTICIPATION

No comments were made.

COMMITTEE REPORTS

PROPERTY COMMITTEE REPORT

Board Member Ken Sutter requested that the Property Committee minutes be revised to include the following addition: **"The Committee also requested that all future sales of surplus property be tied to the purchase of property needed for operations, or for other capital assets/projects as the property administration strategy is developed."**

Vice-Chair Anderson referred to the 1989 policy of the RPU Board that was approved by the City Council stated it says .."proceeds from the sale of property would be used exclusively for financing the acquisition and construction of other facilities for electric /water fund." Mr. Anderson said, "This is exactly what we are looking for the future needs of the water division." The policy also went on to state"the purpose is to preserve the assets for utilities even after declared surplus".

Mr. Anderson requested that Legal look at the process more closely. Mr. Anderson said, "It looks like after a property is declared surplus it is up to Real Property division to give us the best price possible and that all of the funds recovered from the sale of property formally owned by the utility will come back to the utility. The City Administrative Manual that relates to this says that if the sale is for other than cash the terms of the sale must come back to the Board presented back by the Real Property division. So in summary

the long and short-term plans of the utilities will need that money and if we don't receive our fair amount the rate payers will have to add to the fund."

Mr. Anderson will put this issue together and pass it on to the Board to see how it relates to what we will have to do later when the terms of the deal come back. Board member Sutter requested this be placed on the record.

Vice Chair Anderson motioned the following:

The Board of Public Utilities directed the Public Utilities Director to write a memo to the City Manager requesting that the price, terms, and conditions of the proposed sale of the Pellissier Ranch property be brought back to the Board of Public Utilities for consideration before returning to the Land Use Committee.

Motion: – Anderson. Second: – Newberry, Jr., P.E.

Ayes: Hubbard, Anderson, Barnhart, Newberry, Jr., P.E., Stockton, Acharya, Kraft, and Ken Sutter.

Noes: None

Abstain: None

Absent: Tavaglione (absence due to business)

The Board of Public Utilities accepted and filed the revised version of July 13, 2005 Property Committee minutes.

ELECTRIC COMMITTEE REPORT – The Electric Committee meeting scheduled on July 13, 2005 was cancelled.

CONSENT CALENDAR

A motion was made to approve Items 2, and 3 on the Consent Calendar with the exception of Item 1, **MINUTES OF JULY 1, 2005**; and Item 4, **AWARD OF PROFESSIONAL SERVICES AGREEMENT TO KAJIMA CONSTRUCTION SERVICES, INC., FOR THE DESIGN AND CONSTRUCTION MANAGEMENT OF TENANT IMPROVE ENTS FOR ORANGE SQUARE PARKING STRUCTURE #6**, which were moved to the Discussion Calendar:

A motion was made to approve the following items on the Consent Calendar.

Motion: – Anderson. Second: – Sutter.

Ayes: Hubbard, Anderson, Barnhart, Newberry, Jr., P.E., Stockton, Acharya, Kraft, and Ken Sutter.

Noes: None

Abstain: None

Absent: Tavaglione (absence due to business)

MINUTES

- (1) MOVED TO DISCUSSION CALENDAR.

ELECTRIC ITEMS

- (2) **PUBLIC WORKS STREET IMPROVEMENT
WORK ORDER 050017-3**

The Board of Public Utilities approved the estimated capital expenditure of \$75,000 for the installation of streetlights on Victoria Avenue from Myrtle to Victoria Bridge.

This work is part of the Street Improvement Project.

Funds are budgeted and available in the Street Light account for this project.

WATER ITEMS

- (3) **EXTENSION TO AGREEMENT WITH CTAI PACIFIC GREENSCAPE FOR
LANDSCAPE MAINTENANCE OF VARIOUS PUBLIC UTILITIES PROPERTIES
BID NO. 6178**

The Board of Public Utilities authorized the Purchasing Services Manager to issue a Purchase Order to CTAI Pacific Greenscape of Murrieta, California, for landscape maintenance services covering the period of July 1, 2005 through September 30, 2005 in an amount not-to-exceed \$30,000.

OTHER ITEMS

- (4) MOVED TO DISCUSSION CALENDAR.

DISCUSSION CALENDAR

- (1) **JULY 1, 2005 MINUTES**

Chair Peter Hubbard requested this item be placed on the discussion calendar so he could abstain and new Board Member Greg Kraft abstained also since they were not at the July 1, 2005 Board meeting.

The regular meeting minutes from the Board of Public Utilities meeting held on July 1, 2005 was approved as submitted.

Motion – Anderson. Second – Sutter.

Ayes: Anderson, Barnhart, Stockton, Sutter, Tavaglione, and Newberry, Jr.

Noes: None

Abstain: Hubbard and Kraft.

Absent: Tavaglione. (absence due to business)

(4) AWARD OF PROFESSIONAL SERVICES AGREEMENT TO KAJIMA CONSTRUCTION SERVICES, INC., FOR THE DESIGN AND CONSTRUCTION MANAGEMENT OF TENANT IMPROVEMENTS FOR ORANGE SQUARE PARKING STRUCTURE #6

Board Member Conrad Newberry, Jr., P.E., requested this item be placed on the discussion calendar because he wanted an update from the Property Committee regarding this issue. Board Member Bob Stockton reported that there is a shortage of 10,000 sq feet because the utilities' workforce is presently expanding. Mr. Stockton stated that the Committee agreed upon the following alternatives and recommendation:

- (1) Purchase the Orange Square Parking Structure #6
- (2) Lease with purchase option
- (3) Lease only
- (4) Recommendation: Lease for minimum of 5 years with first right of refusal of the options after that and during this period of time seek out a site to construct a utilities campus.

After hearing the Property Committee's report, Board Member Newberry agreed to support this recommendation but was still concerned that the utilities should be buying at this time.

Board Member Ken Sutter requested that staff develop a precise plan for the utilities' campus.

The Board of Public Utilities:

1. Approved a Professional Services Agreement to Kajima Construction Services, Inc., in the amount of \$192,800 for the design of tenant improvements and construction management for the Utility Department offices at Orange Square Parking Structure #6; and
2. Authorized the City Manager, or his designee, to execute the necessary documents.

Motion – Newberry, Jr., P.E. Second – Barnhart.

Ayes: Hubbard, Anderson, Barnhart, Stockton, Sutter, Kraft, and Newberry, Jr.

Noes: None

Abstain: None.

Absent: Tavaglione. (absence due to business)

Staff requested that Item #7 be taken out of sequence to be discussed first because staff from San Bernardino Valley Water Conservation District was in attendance to comment.

(7) LOCAL AGENCY FORMATION COMMISSION (LAFCO) 2919 – SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR THE SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT ("CONSERVATION DISTRICT")

Assistant Director/Resources Gary Nolff reported that the Local Agency Formation Commission (LAFCO) is conducting a Municipal Service Review of the Conservation District and is requesting comments from the major water extractors

in the Bunker Hill Basin. This review is considering (1) consolidating the Conservation District's functions with those of the San Bernardino Valley Municipal Water District or the San Bernardino County Flood Control District; or (2) expanding the Conservation District's sphere of influence to include the entire Bunker Hill Basin; or (3) leaving the Conservation District's responsibilities unchanged. Mr. Nolff stated that RPU staff proposed a letter with comments for LAFCO that needed Board approval and input. In summary, the proposed letter recommends further studies be performed by LAFCO to determine if consolidation is advisable.

Vice Chair Jim Anderson supported the proposed letter, but expressed concerns about any consolidation of the entities creating a potential conflict of interest, and suggested a legal review prior to endorsing any such consolidation.

Mr. Tom Crowley, Assistant General Manager at the San Bernardino Valley Water Conservation District, gave the Board a review of their position on the issue favoring the status quo, which is summarized in their Board's Resolution 409. Mr. Crowley asked that the Board of Public Utilities direct staff to state in our letter to LAFCO that we support the status quo.

Bob Stockton requested that Jim Anderson's additional language be added to the letter, which was "including legal effects on water rights of the basin."

After discussion, the Board of Public Utilities approved the comments prepared in response to LAFCO's request with the addition of "including legal effects on water rights of the basin".

Motion: – Acharya. Second: – Stockton.

Ayes: Hubbard, Anderson, Barnhart, Newberry, Jr., P.E., Stockton, Acharya, Kraft, and Ken Sutter.

Noes: None

Abstain: None

Absent: Tavaglione (absence due to business)

(5) WATERMAN AVENUE 48/54-INCH WATER TRANSMISSION MAIN REPLACEMENT PROJECT – AWARD BID SCHEDULE "B" AND "C" OF PHASE I, BID NO. 6248 AND PHASE II, BID NO. 6249 AND APPROVAL OF UP TO 25 PERCENT OF THE CONTRACT CHANGE ORDER LIMIT

Principal Water Engineer Arshad Syed gave a report of the Waterman Avenue 48/54-inch Water Transmission Main Replacement Project and explanation of the bid awards.

Board Member Dave Barnhart requested with every public works contract that staff include in all reports to the Board a "project summary of costs".

Board Member Ken Sutter requested that a workshop on detailed purchasing aspects with legal be scheduled sometime in the future for the Board members.

The Board of Public Utilities:

1. Approved the Reimbursement Agreement between the City of Riverside and the City of San Bernardino for Improvements to Waterman Avenue for the Waterman Avenue 48/54-inch Water Transmission Main Replacement Project – Bid Schedule "C" of Phase I and II, Bid No. 6248 and 6249;
2. Approved the estimated total capital expenditure of \$9,424,000 for Work Orders 704208, 0500447, and 0500448, which includes all design, construction, contract administration, inspection, and change order contingencies for the Waterman Avenue 48/54-inch Water Transmission Main Replacement Project – Phase I and II;
3. Awarded a contract for the construction of the Waterman Avenue Water Transmission Main Replacement Project – Phase I, Bid No. 6248, Bid Schedule "B" and "C", to the lowest responsive bidder, Trautwein Construction, Inc., in the amount of \$3,268,542.20;
4. Awarded a contract for the construction of the Waterman Avenue Water Transmission Main Replacement Project – Phase II, Bid No. 6249, Bid Schedule "B" and "C", to the lowest responsive bidder, W.A. Rasic Construction, Inc., in the amount of \$3,238,180;
5. Authorized the Public Utilities Director, or his designee, to approve change orders to the purchase order up to 25 percent of the original amount for Bid No. 6248 and Bid No. 6249. Such changes will be reported to the Board of Public Utilities at the conclusion of the project; and
6. Authorized the City Manager, or his designee, to execute the necessary contract documents.

Motion: – Barnhart. Second: – Stockton.

Ayes: Hubbard, Anderson, Barnhart, Newberry, Jr., P.E., Stockton, Acharya, Kraft, and Ken Sutter.

Noes: None

Abstain: None

Absent: Tavaglione (absence due to business)

(6) ADOPTION OF THE RIVERSIDE PUBLIC UTILITIES' LONG-TERM STRATEGIC PLAN

Director Dave Wright reported that once the Riverside Public Utilities' Long Term Strategic Plan has been approved by the Board and City Council it will be published in a booklet form to be distributed to utilities staff, the public, elected officials, etc. It will be taken to the Finance/Marketing Committee as a standing item to develop an implementation strategy and reporting strategy and be brought back to the Board periodically.

Board Member Conrad Newberry, Jr., requested that the Board continue with the three-year goals workshops every six months with Facilitator Marilyn Snider.

Board Member Bob Stockton requested that the Long-Term Strategic Plan be reviewed in six months from now with the Board and then annually thereafter.

The Board of Public Utilities:

1. Approved and adopted the attached Riverside Public Utilities' Long-Term Strategic Plan; and
2. Recommended that the City Council approve and adopt the Riverside Public Utilities' long-term strategic plan.

Motion: – Stockton. Second: – Anderson.

Ayes: Hubbard, Anderson, Barnhart, Newberry, Jr., P.E., Stockton, Acharya, Kraft, and Ken Sutter.

Noes: None

Abstain: None

Absent: Tavaglione (absence due to business)

(8) FEDERAL ENERGY BILL UPDATE

Economic Development/Legislative Affairs Manager Gerald Buydos gave an update on the differences between the House and Senate versions of each of the following topics within the Energy Bill:

1. Regional Transmission Organizations
2. Standard Market Design
3. Market Manipulation
4. Repeal of Public Utility Holding Company Act (PUCHA)
5. Renewable Energy Production Incentive (REPI) Program
6. Renewable Portfolio Standard
7. Clean Renewable Energy Bonds

The Board of Public Utilities received and filed this update.

(9) ITEMS FOR FUTURE BOARD OF PUBLIC UTILITIES CONSIDERATION AS REQUESTED BY MEMBERS OF THE BOARD OF PUBLIC UTILITIES

Vice Chair Jim Anderson requested that the litigation case of the TRBAA Rates for Transmission be brought back to the Board as an update, possibly as a closed session.

DIRECTOR'S REPORT

- (A) Financial Statements – May 2005
- (B) Monthly Update of Goals
- (C) Open and Closed Work Orders – June 2005
- (D) Monthly Benchmark Report Cards – June 2005
- (E) Water Highlights – June 2005
- (F) Rolling Calendar Outlining Future Utility Projects as of July 8, 2005

(G) City Council Agenda – July 12, 2005

SYSTEMATIC REPORTING ON CONFERENCES / SEMINARS / BOARD MEETINGS

CLOSED SESSION

The Board of Public Utilities moved the meeting at 9:36 a.m. to the Board Room to discuss Item 10 below:

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

- (10) A closed session was held for the purpose of conferring with and receiving advice from legal counsel concerning anticipated litigation. Based upon existing facts and circumstances and the advice of its legal counsel, the Board met only to decide whether to initiate litigation. [Government Code §54956.9 (c)]

UPCOMING MEETING

Chairman Peter Hubbard adjourned the meeting at 9:51 a.m. to the next regularly scheduled meeting of the Board of Public Utilities to be held on **Friday, August 5, 2005**, at **8:15 a.m.** in the Art Pick Council Chamber at City Hall located at 3900 Main Street in Riverside, California.

By:


David H. Wright, Secretary
Board of Public Utilities

Approved by: City of Riverside Board of Public Utilities

Dated: August 5, 2005